

§ 1.44B-1 Credit for employment of certain new employees.

(a) *In general*—(1) *Targeted jobs credit.* Under section 44B a taxpayer may elect to claim a credit for wages (as defined in section 51(c) paid or incurred to members of a targeted group (as defined in section 51(d)). Generally, to qualify for the credit, the wages must be paid or incurred to members of a targeted group first hired after September 26, 1978. However, wages paid or incurred to a vocational rehabilitation referral (as defined in section 51(d)(2)) hired before September 27, 1978, may qualify for the credit if a credit under section 44B (as in effect prior to enactment of the Revenue Act of 1978) was claimed for the individual by the taxpayer for a taxable year beginning before January 1, 1979. The amount of the credit shall be determined under section 51. Section 280C(b) (relating to the requirement that the deduction for wages be reduced by the amount of the credit) and the regulations thereunder will not apply to taxpayers who do not elect to claim the credit.

(2) *New jobs credit.* Under section 44B (as in effect prior to enactment of the Revenue Act of 1978) a taxpayer may elect to claim as a credit the amount determined under sections 51, 52, and 53 (as in effect prior to enactment of the Revenue Act of 1978). Section 280C(b) (relating to the requirement that the deduction for wages be reduced by the amount of the credit) and the regulations thereunder will not apply to taxpayers who do not elect to claim the credit.

(b) *Time and manner of making election.* The election to claim the targeted jobs credit and the new jobs credit is made by claiming the credit on an original return, or on an amended return, at any time before the expiration of the 3-year period beginning on the last date prescribed by law for filing the return for the taxable year (determined without regard to extensions). The election may be revoked within the above-described 3-year period by filing an amended return on which the credit is not claimed.

(c) *Election by partnership, electing small business corporation, and members of a controlled group.* In the case of a partnership, the election shall be made

by the partnership. In the case of an electing small business corporation (as defined in section 1371(a)), the election shall be made by the corporation. In the case of a controlled group of corporations (within the meaning of section 52(a) and the regulations issued thereunder) not filing a consolidated return under section 1501, the election shall be made by each member of the group. In the case of an affiliated group filing a consolidated return under section 1501, the election shall be made by the group.

(Secs. 44B, 381, and 7805 of the Internal Revenue Code of 1954 (92 Stat. 2834, 26 U.S.C. 44B; 91 Stat. 148, 26 U.S.C. 381(c)(26); 68A Stat. 917, 26 U.S.C. 7805)

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RESEARCH CREDIT—FOR TAXABLE YEARS BEGINNING BEFORE JANUARY 1, 1990**§ 1.41-0A Table of contents.**

This section lists the paragraphs contained in §§ 1.41-0A, 1.41-3A, 1.41-4A and 1.41-5A.

*§ 1.41-0A Table of contents.**§ 1.41-3A Base period research expense.*

- (a) Number of years in base period.
- (b) New taxpayers.
- (c) Definition of base period research expenses.
- (d) Special rules for short taxable years.
 - (1) Short determination year.
 - (2) Short base period year.
 - (3) Years overlapping the effective dates of section 41 (section 44F).
- (i) Determination years.
- (ii) Base period years.
- (4) Number of months in a short taxable year.
- (e) Examples.

§ 1.41-4A Qualified research for taxable years beginning before January 1, 1986.

- (a) General rule.
- (b) Activities outside the United States.
 - (1) In-house research.
 - (2) Contract research.
- (c) Social sciences or humanities.
- (d) Research funded by any grant, contract, or otherwise.
 - (1) In general.
 - (2) Research in which taxpayer retains no rights.
 - (3) Research in which the taxpayer retains substantial rights.
 - (i) In general.
 - (ii) Pro rata allocation.
 - (iii) Project-by-project determination.
 - (4) Independent research and development under the Federal Acquisition Regulations System and similar provisions.